



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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DEC - 9 2014

RE: MUR 6844
Kaiser Foundation Hospitals
Kaiser Foundation Health Plan, Inc.
The Permanente Medical Group, Inc.

Dear Mr. Vicinanza:

On June 25, 2014, the Federal Election Commission notified your clients, Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc., and The Permanente Medical Group, Inc. ("Kaiser"), of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended. On December 5, 2014, the Commission found, on the basis of the information in the complaint, and information provided by your clients, that there is no reason to believe Kaiser violated 52 U.S.C. § 30118(b)(6) (formerly 2 U.S.C. § 441b(b)(6)) or 11 C.F.R. § 114.5(k). Accordingly, the Commission closed its file in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). The Factual and Legal Analysis, which more fully explains the Commission's finding, is enclosed.

If you have any questions, please contact Roy Q. Luckett, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Mark Allen".

Mark Allen
Acting Assistant General Counsel

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Kaiser Foundation Hospitals MUR: 6844
Kaiser Foundation Health Plan, Inc.
The Permanente Medical Group, Inc.

I. INTRODUCTION

This matter was generated by a Complaint filed with the Federal Election Commission by Tamara R. Rubyn, President/Business Manager for the Office and Professional Employees International Union, Local 29, AFL-CIO, CLC ("OPEIU"). Complainant alleges that Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc. and The Permanente Medical Group, Inc. (collectively "Kaiser") failed to honor employee requests for voluntary payroll deductions in violation of the Commission's regulations. The Complaint notes that OPEIU has an agreement with Kaiser under which Kaiser agreed to administer a voluntary check-off system for employee contributions to union political action funds. Compl. at 1, Attach. at 1 (June 20, 2014). OPEIU attaches authorization request forms for payroll deductions submitted by six employees over a six-month period that Kaiser allegedly did not honor. *Id.*, Attach. at 3-9. It appears, however, that Kaiser did not have a voluntary payroll deduction system in place for any of its salaried supervisory or management personnel. Thus, neither the Act nor the Commission's regulations require Kaiser to implement such a system for OPEIU's employees.

II. ANALYSIS

Under the Act and Commission regulations, a corporation may use a payroll deduction program to facilitate the making of voluntary contributions from the corporation's executive and administrative personnel to its separate segregated fund. 52 U.S.C. § 30118(b)(2), (5) (formerly 2 U.S.C. § 441b(b)(2), (5)); 11 C.F.R. §§ 114.1(f), 114.2(f)(4)(i), 114.5(k)(1). Any corporation, including its subsidiaries, branches, divisions, and affiliates that uses such a method, must, upon

1 request, make that method available to a labor organization representing the company's employees.
2 52 U.S.C. § 30118(b)(6) (formerly 2 U.S.C. § 441b(b)(6)); 11 C.F.R. § 114.5(k). Conversely, if
3 a corporation uses no method to solicit voluntary contributions or to facilitate the making of
4 voluntary contributions from stockholders or executive or administrative personnel, it is not
5 required by law to make any method available to the labor organization for its members.
6 11 C.F.R. § 114.5(k)(4). The corporation and the labor organization may agree upon making any
7 lawful method available even though such agreement is not required by the Act. *Id.*

8 Based on the available information, Kaiser does not appear to have violated the Act or
9 Commission regulations. Kaiser maintains in its Response that it has no obligation under the Act
10 to provide OPEIU with a system for voluntary payroll deductions, as it does not use a method of
11 soliciting voluntary contributions from any of its salaried supervisory or management personnel.
12 Resp. at 2 (Aug. 21, 2014). There is no available information to the contrary. Therefore, Kaiser
13 was not required under the Act or Commission regulations to make a payroll method available to
14 OPEIU. *See* 11 C.F.R. § 114.5(k)(4).

15 Accordingly, the Commission found no reason to believe that Kaiser Foundation
16 Hospitals, Kaiser Foundation Health Plan, Inc. or The Permanente Medical Group, Inc. violated
17 52 U.S.C. § 30118(b)(6) (formerly 2 U.S.C. § 441b(b)(6)) or 11 C.F.R. § 114.5(k).